

Office of the Attorney General Robert E. Cooper, Jr.

Department of Commerce and Insurance Commissioner Paula Flowers

NEWS RELEASE

Office of the Attorney General P.O. Box 20207 Nashville, TN 37202-0207

Department of Commerce and Insurance Division of Consumer Affairs 500 James Robertson Parkway Nashville, TN 37243

FOR IMMEDIATE RELEASE

Dec. 14, 2006 #06-46 CONTACT: Sharon Curtis-Flair (615) 741-5860

(**NOTE TO EDITORS**: A Knoxville consumer is available to discuss her experiences with news media. Contact Sharon Curtis-Flair at 615-741-5860 for more information)

STATE REACHES AGREEMENT WITH YP CORP. REGARDING CHECK SOLICITATIONS; COMPLAINT DEADLINE TO DCA IS FEB. 5, 2007

Attorney General Bob Cooper and Division of Consumer Affairs Director Mary Clement today announced YP Corp., (doing business as YP.com) and its wholly owned subsidiary Telco Billing, Inc., have reached an agreement regarding complaints they engaged in deceptive business practices.

The companies are alleged to have mailed checks, which if cashed or deposited, charged businesses and organizations to pay for advertising on its yellow page directory. Tennessee and 33 other states reached the agreement after filing suit regarding YP.com's use of checks.

"Last legislative session, Tennessee became one of the first states in the nation to make it unlawful to market these advertising checks that lure unwitting customers to obligate themselves," Attorney General Cooper said. "We will aggressively enforce the new law against violators."

Samples of the YP Corp. checks can be seen by scrolling below or by clicking

http://www.attorneygeneral.state.tn.us/press/2006/story/PR46a.pdf.

"Consumers should beware of checks for a nominal amount of money arriving in the mail for no apparent reason or little explanation," said DCA Director Mary Clement. "Because the State of Tennessee was solicited, I believe there is a widespread problem with many different kinds of businesses and individuals being targeted. I would urge consumers to contact our office if they suspect they may have received a questionable check."

Under the agreement, YP Corp. will stop using the checks to obligate businesses to purchase its products and services. YP Corp. also has agreed to pay \$2 million (in total to all of the participating states) to consumers who did not understand the potential consequences of depositing YP.com's check. YP Corp. also agreed to notify all current check customers to inform them of their right to cancel and to let them know they may be eligible for a refund.

In addition, all Tennesseans who cashed the YP Corp. checks sent after the new law became effective July 1, 2006 will receive full refunds. An estimated 950 Tennesseans were solicited after that date and were billed approximately \$8,500 for advertising. Refunds for post-July 1st consumers should arrive by February if not earlier.

Since at least 1998, YP.com mailed businesses and other organizations, including churches, public schools, and even the State of Tennessee, the YP.Corp checks, allegedly obligating them to pay for commercial listings on the web site www.yp.com. Some of these recipients had never advertised commercially before. Approximately 15,000 of these solicitations were sent to Tennesseans. The checks involved were small amounts, usually \$3.50. On the back of the checks, in fine print above the endorsement line, was language stating that by depositing the check, the recipient agreed to purchase advertising from YP.com for its on-line yellow pages directory.

The fine print also stated that by depositing the check, the recipient authorized YP.com (through its subsidiary Telco Billing, Inc.) to bill the monthly fees in advance, on the business's telephone bill or other means. Many recipients who deposited YP.com's checks did so without knowing the potential consequences. Some recipients did not realize they were being billed for many months or years after depositing the checks.

YP.Corp, YP.com, and Telco Billing, Inc. deny the State's allegations and any wrongdoing.

Anyone who feels they may have deposited an activation check and were consequently billed for services they did not authorize have until **Feb. 5, 2007** to contact the Division of Consumer Affairs for information on how to request a refund. Current YP.com customers who are being billed as the result of an activation check should be contacted by letter within the next two (2) weeks by YP.com. If you have received a check from YP Corp. or any other company, please contact the Division of Consumer Affairs at 1-800-342-8385 (toll-free inside Tennessee) or (615) 741-4737

ATTACHMENT TO PRESS RELEASE 46 (PR-46) YP Corp. Sample Live Checks -2002

Front	YELLOW-PAGE.NET 4840 E. JASMINE ST., STE. 105 MESA, AZ 85205	BANK OF THE SOUTHWEST	10/11/2002
of Chec			
c k	MEMO	Car	h Sinn.

Enlargement of small print states, "I am over 18 and authorized to place this advertisement by depositing this check and by doing so <u>I</u> agree to pay \$17.95 per month for this advertisement." (emphasis added)

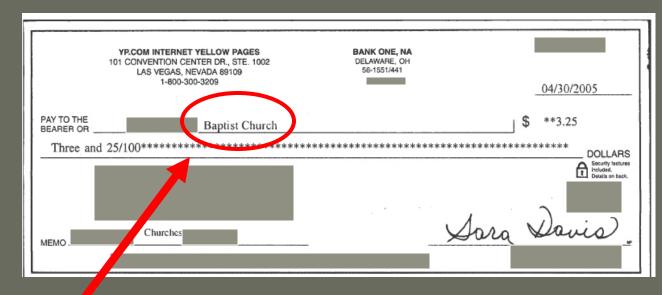
Please list my company's information as shown on this check on the Yetlow-Page Net Internet website. I am over 18, and authorized to place this advertisement by depositing this check and by doing so I agree to pay \$17.95 per month for this advertisement. I agree to the Terms of Offer which were enclosed with this check and authorize Teleo Billing. Inc. to bill such fees in advance, on the company's phone bill or by debiting the fee from the company's bank according to the Terms. I understand that I can cancel and receive a full refund by simply calling 1-800-300-3209 within 120 days. Of course, the \$3.50 is mine to keep in any case.



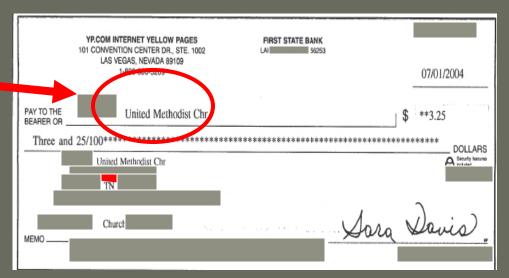
Enlargement of small print states, "I . . . authorize Telco Billing, Inc. to bill such fees in advance, on the company's phone bill or by debiting the fee from company's bank account into which this check is deposited or by other methods" (emphasis added)

ATTACHMENT TO PRESS RELEASE 46 (PR-46) YP Corp. Sample Live Checks-2004, 2005

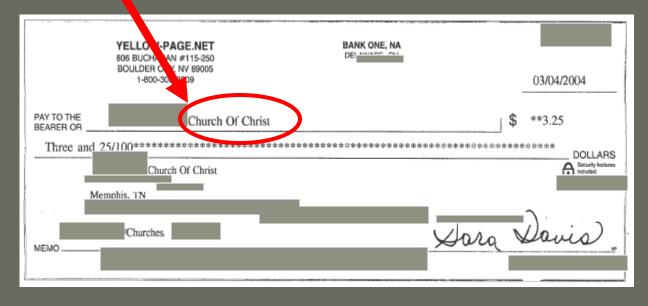
Front of Check



YP Sent Advertising Solicitations to Churches, the State Alleges

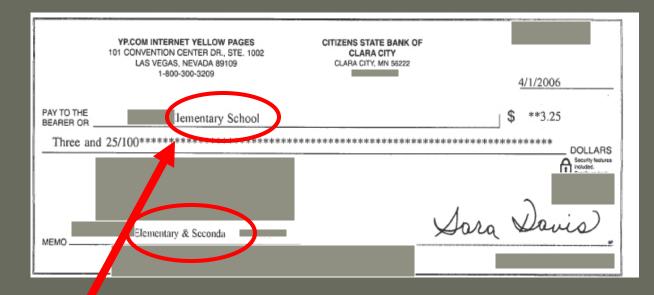


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ATTACHMENT TO PRESS RELEASE 46 (PR-46)

YP Corp. Sample Live Checks-2006



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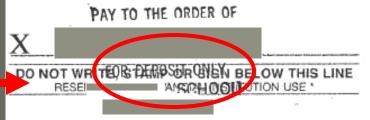
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YP Sent
Advertising
Solicitations to
Public Elementary
Schools, the State
Alleges

Please list my company's information as shown on this check on the YP.Com Internet website. I am over 18, and authorized to place this advertisement by depositing this check into my business account and by doing so I agree to pay \$27.50 per month for this advertisement. I agree to the Terms of Offer which were enclosed with this check and authorize Telco Billing, Inc. to bill such fees in advance, on the company's local phone bill or by direct ACH debit from the company's checking account into which this check is deposited in accordance with the rules governing the ACH network. Company agrees to be bound by the rules governing the ACH network in effect at the time and may revoke its ACH debit authorization at any time, change billing method or cancel and receive a full refund within 120 days by calling 1-800-300-3209.



ATTACHMENT TO PRESS RELEASE 46 (PR-46)

YP Corp. Sample Live Checks-2005

YP.COM INTERNET YELLOW PAGES CITIZENS STATE BANK OF Front CONVENTION CENTER OR STE. 1002 LAS VEGAS, NEVADA 99709 CLARA CITY 800-300-3209 9/2005 PAYTO THE BEARER OF Commerce and Insur Tenn Dept Three and 25/100************ DOLLARS Commerce and Insur. Tenn Dept. 312 8th Ave. N Nashville, TN 37243-0001 Chec hallaladada baladad ballaad baalaad bad ballaad b Insurance Agents, Br MEMO

YP even sent commercial advertising Solicitations to the State itself. The State alleges. The check was not cased.

Please list my company's information as shown on this check on the YPCism Internet website. I am over 18, and authorized to place this advertisement by depositing this check into my business account and by doing so I agree to pay \$27.30 per month for this advertisement. I agree to the Terms of Office which were enclosed with this check and authorize Teleo Billing, Inc. to bill such fees in advance, on the company's local phone bill or by direct ACII debit from the company's checking account into which this check in deposited in accordance with the rules governing the ACH network. Company agrees to be bound by the rules governing the ACH network in effect at the time and may revoke its ACH debit authorization at any time, change billing method or cancel and receive a full refund within 120 days by calling 1-800-300-3209.



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Check

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FRANCIAL INSTITUTION USE *